

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Verizon North Inc.
(f/k/a GTE North Incorporated) and
Verizon South Inc.
(f/k/a GTE South Incorporated)

Petition Seeking Approval of Cost Studies for
Unbundled Network Elements, Avoided Costs
and Intrastate Switched Access Services

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OFFICIAL FILE

ILL. C. C. DOCKET NO. 00-0812
AT&T Exhibit No. 1.00

Witness _____

Date 8-1-02 Reporter lyb

TESTIMONY OF
CATE HEGSTROM
ON BEHALF OF
AT&T COMMUNICATIONS OF ILLINOIS, INC.

AT&T Exhibit 1.00

OCTOBER 12, 2001

1 **Q. Please state your name and business address.**

2 A. My name is Cate Hegstrom. My business address is 222 West Adams St., Suite
3 1500, Chicago, IL 60606.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by AT&T as a District Manager - Government Affairs.
7

8 **Q. Describe your education and professional background.**

9 A. I received a B.A. degree in Mathematics from Benedictine College in Atchison,
10 Kansas. In December 1974, I began my telecommunications career in the
11 Network Operations Department of AT&T Long Lines in Omaha, Nebraska. My
12 responsibilities included the provisioning and maintenance of the switched and
13 special services network. In 1977, I joined the Regulatory Department of
14 Northwestern Bell Telephone Company (NWB), where I performed cost and rate
15 studies used in connection with private line, ENFIA and related services. In 1983,
16 I returned to AT&T, joining what became the Marketing Plans Implementation
17 organization of AT&T Communications in Omaha. In that position, I was
18 primarily responsible for analyzing Local Exchange Carrier ("LEC") access
19 filings within the five NWB states.

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21 In 1986, I accepted a position with the AT&T Communications staff organization
22 in New Jersey. My duties included the analysis of regulatory issues and the
23 development of positions related to AT&T's intrastate services.

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In 1988, I joined AT&T Corp.'s External Affairs organization in Chicago, where my job duties included contracting and liaison activities between AT&T and several large independent telephone companies in AT&T's ten Central Region states. In 1990, I assumed responsibility for the analysis and administration of access-related issues and LEC regulatory issues affecting AT&T's intrastate operations in several Central Region states, including Illinois. In January 1997, I accepted the position of District Manager-Regulatory Matters.

Q. Have you previously filed testimony before the Illinois Commerce Commission ("ICC") or (the "Commission")?

A. Yes. I have testified before the Commission in ICC Docket No. 93-0044 (MCI and LDDS Complaint against Illinois Bell), ICC Docket No. 93-0409 (MFS Application for an Amended Certificate), ICC Docket Nos. 93-0301/94-0041 (GTE North Rate Case), ICC Docket Nos. 94-0042 through 94-0046 (Investigation of Switched Access Local Transport Restructure Rates), ICC Docket Nos. 94-0048, 94-0049, 94-0117 and 94-0146 (Rulemakings for Presubscription and Line Side Interconnection, Ameritech Customers First Plan, AT&T Petition), ICC Docket No. 94-0480 (Investigation into Physical Collocation), ICC Docket Nos. 95-0458/95-0531 (Petition for Wholesale Service Tariffs of Ameritech and Centel Companies), ICC Docket Nos. 95-0135/ 95-0179 (Illinois Bell Reclassification of Bands B and C Usage/Increase to Business Band C Rates), ICC Docket No. 96-AB-005 (AT&T/GTE North Arbitration), ICC

1 Docket No. 97-0621 (DEM Stipulation), Phases I and II of ICC Docket Nos. 97-
2 0516/97-0601/97-0602, ICC Docket No. 98-0321 (Gallatin River Acquisition
3 Application), ICC Docket No. 98-0866 (Bell Atlantic/GTE Merger), ICC Docket
4 No. 99-0038/99-0039 (Ameritech Access Refund Complaint), ICC Docket No.
5 98-0860 (Competitive Classification of Ameritech Services) and Phases I and II
6 of ICC Docket Nos. 00-0233/00-0335 (Rural ILEC USF Investigation). I have
7 also represented AT&T in a number of Illinois workshop proceedings including
8 those convened in ICC Docket No. 90-0425 (Access Charges), ICC Docket No.
9 92-0210 (Imputation Rulemaking), ICC Docket No. 92-0211 (Cost of Service
10 Methodology and Rulemaking) and ICC Docket No. 92-0398 (Interconnection
11 Rulemaking).

12
13 **Q. Have you testified before other state commissions?**

14 **A.** Yes. I testified before the Michigan Public Services Commission in Case No. U-
15 10647 (City Signal Complaint), Case No. U-10860 (Generic Interconnection
16 Investigation), Case No. U-11053 (ACI Application), Case Nos. U-11151/U-
17 11152 (Ameritech Arbitration), Case No. U-11165 (GTE North Arbitration), Case
18 No. U-11660 (AT&T Complaint Against Ameritech Access PICC Rates), Case
19 No. U-11831 (Ameritech Michigan TSLRIC review), Case No. U-11832 (GTE
20 North TSLRIC review), Case No. U-11899 (USF Investigation), Case No. U-
21 12287 (AT&T Complaint Against Ameritech Access Rates) and Case No. U-
22 12465 (AT&T/Ameritech Michigan Arbitration Petition). I have testified before
23 the Indiana Regulatory Utility Commission in Cause No. 39369 (Access

Investigation), Cause No. 39385 (Special Access CSOs), Cause No. 40571-INT-02 (GTE North Arbitration), Cause No. 40785 (Universal Service and Access Charge Restructure Investigation), Cause No. 41255 (Ameritech/SBC Merger Application) and Cause No. 40571-INT-03 (AT&T/Ameritech Indiana Arbitration Petition). I also testified before the Public Utilities Commission of Ohio in Case Nos. 92-1525-TP-CSS/92-1149-TP-ALT (Western Reserve Alternative Regulation), Case No. 96-832-TP-ARB (GTE North Arbitration), Case No. 96-336-TP-CSS (Ameritech Access Service Rate Complaint), Case No. 98-1398-TP-AMT (Bell Atlantic/GTE Merger) and Case No. 1188-TP-ARB (AT&T/SBC-Ameritech Arbitration Petition) and before the Public Service Commission of Wisconsin in Docket Nos. 265-MA-102/2180-MA-100 (GTE Arbitration), Docket No. 6050-TI-101 (Frontier Alt. Reg.), Docket No. 05-TI-174 (Price Regulation Review), in dockets 1910-T1-101/2050-T1-100/3070-T1-100/6040-T1-100/5530-T1-100/4590-T1-100 (CenturyTel Company (6) Alternative Regulation Applications), in dockets 2055-NC-100/5846-NC-100/2055-TR-100/5846-TR-100 (CT/GTE asset purchase), 05-MA-120 (AT&T/Ameritech Arbitration Petition) and in docket 2815-TR-103 (CenturyTel-Kendall Emergency Petition for Rate Increase/Application for Permanent Rate Increase).

Q. What is your understanding of the scope and purpose of the instant proceedings?

A. On December 21, 2000, Verizon filed a Petition for approval of its Long Run Service Incremental Cost ("LRSIC")/Total Element Long Run Incremental Cost

1 (“TELRIC”) studies and results associated with its provision of intrastate
2 switched access service, its cost study associated with its provision of its
3 Unbundled Network Elements (“UNEs”), interconnection and transport and
4 termination services, and its avoided cost study associated with its provision of its
5 wholesale services. As indicated in Verizon’s Petition, these filings are made in
6 order to comply with Commission Orders in the approval of Verizon’s Merger
7 Application and in the Phase II Investigation of Access Charge Reform for non-
8 rural incumbent LECs. Presuming approval of Verizon’s Petition, Verizon
9 requests the Commission direct Verizon to file rates based on any studies
10 approved herein.

11
12 At the prehearing conference held March 8, 2001, the schedule for the
13 investigation of Verizon’s Petition was separated into three phases. The instant
14 and initial phase of this docket addresses the investigation of Verizon’s cost
15 models it submitted, and an investigation of the cost studies and results associated
16 with the provision of Verizon’s intrastate switched access services. The cost
17 studies and results associated with the provision of Verizon’s other services will
18 be addressed in subsequent phases of this docket.

19
20 **Q. What is the purpose of the your testimony?**

21 A. The purpose of my direct testimony is to provide the Commission with AT&T’s
22 recommendation regarding Verizon’s pricing of its intrastate carrier switched
23 access services. Mr. Michael J. Boyles of FTI Consulting, Inc., is also providing

1 testimony on behalf of AT&T, addressing the significant shortcomings of
2 Verizon's cost models.

3
4 **Q. Can you please summarize your understanding of the conclusions reached by**
5 **Mr. Boyles in regard to his analysis of Verizon's cost models?**

6 A. Mr. Boyles, using information obtained from discovery requests to Verizon, and
7 relying on his expertise and the resources of his firm, was unable to overcome the
8 infirmities of the cost model's switching module to produce credible results. Mr.
9 Boyles was frustrated with issues associated with general modeling, technology
10 selection, investment, growth and factors. He concluded the inflexibility of ICM
11 and closed nature of some elements of ICM greatly reduced the testability of the
12 model. Indeed, Mr. Boyles was unable to independently audit how ICM
13 calculates switched access end office switching investment, the basis for the
14 primary switched access rate element. As a result, Mr. Boyles recommends the
15 Commission reject the use of Verizon's cost models and cost study results as a
16 basis of establishing cost-based rates in Illinois.

17
18 **Q. How is Verizon's current intrastate carrier switched access service priced?**

19 A. On March 29, 2000, the Commission issued its landmark decision in Dockets 97-
20 0601/97-0602. In its Order, the Commission replaced its past policy for non-rural
21 incumbent LECs to mirror their interstate switched access rates for intrastate
22 application with the following policy:

23 As to all remaining cost-based -- or network function -- access rate
24 elements, we agree with AT&T and MCIW that those access rate

1 elements should be priced at their underlying long run service
2 incremental cost, or LRSIC, plus a reasonable allocation of shared
3 and common costs. (p. 48)
4

5 And, regarding a "reasonable allocation";

6 Accordingly, we adopt the shared and common cost percentages
7 for switched access rate elements contained in AT&T Gebhardt
8 Cross Ex. 1A, page 3, and conclude that the maximum shared and
9 common cost contribution shall be 28.86% for both Ameritech's
10 and GTE's cost-based switched access rate elements. (p. 51)
11

12 On May 16, 2000, the Commission issued its Order on Reopening in these
13 dockets, modifying the process by which cost-based rates are to be filed.
14 Specifically, the Commission required Verizon (and Ameritech) to file LRSICs
15 for switched access within 30 days of its Order and reprice their switched access
16 service once the cost studies are approved. The Commission further required
17 Verizon (and Ameritech) to file new switched access charge tariffs reflecting
18 access charge reductions based on LRSIC studies already on file with the
19 Commission as interim rates. (p. 3)
20

21 On May 26, 2000, Verizon filed tariffs purportedly in compliance with the
22 Commission's Order. AT&T has filed objections to these tariff filings, and has
23 requested the Commission affirmatively establish local switching rates for
24 Verizon that are just and reasonable, and that comply with the Commission's
25 Phase II Order, and order refunds to the extent applicable. An investigation has
26 not yet been scheduled. Verizon's current rates therefore remain at levels
27 contained in its May 26 tariff.
28

1 **Q. How do Verizon's intrastate access rates compare with its corresponding**
2 **Illinois interstate rates?**

3 A. Verizon's intrastate switched access rates were largely in excess of its July 2000
4 interstate CALLS rates. Verizon has made subsequent reductions to its interstate
5 rates, resulting in its intrastate rates being significantly in excess of its current
6 corresponding interstate rates. I have provided a comparison of Verizon's then
7 current interstate rates, its subsequent annual price cap reduction filings, and
8 presently current interstate rates with its intrastate rates in AT&T Ex. 1.01. I
9 provide the intrastate to current interstate comparison below for the main driver in
10 the calculation of a composite switched access rate for Verizon, i.e., the End
11 Office Local Switching rate element.

12	Interstate EOLS (7/3/01)	\$0.0019778
13	Intrastate EOLS (6/16/00)	\$0.0048650

14
15 **Q. What level of access rates would result with the application of the maximum**
16 **"reasonable allocation" of shared and common costs to Verizon's proffered**
17 **LRSIC studies?**

18 A. Using the modified LRSICs offered by Verizon, I have applied the maximum
19 level of mark-up allowed by the Commission's Order in dockets 97-0601/97-0602
20 of 28.86%. The resulting rates are included in the final Column of AT&T Ex.
21 1.01. For an easy indication of the magnitude of increase Verizon is proposing,
22 following is the EOLS rate comparison:

23	Interstate EOLS (7/3/01)	\$0.0019778
24	Intrastate EOLS (6/16/00)	\$0.0048650
25	0812 LRSIC-Based EOLS	\$0.0069180

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2 **Q. Do you recommend the Commission adopt these levels for Verizon's**
3 **intrastate carrier switched access service rates?**

4 A. No. The Commission and Illinois consumers have every right to expect access
5 reductions from Verizon, consistent with the trend at the federal level and at the
6 state level. Even Ameritech Illinois has stated that its new LRSICs for switched
7 access will result in a reduction to its access revenues in Illinois. (See, ICC
8 Docket 98-0252/98-0335/00-0764, Am. IL Ex. 9.0 (Sorenson Direct), pp. 13-15)

9

10 As I testified in Phase II of the Commission's access charge reform investigation,
11 pricing switched access service rate elements at LRSIC based levels is crucial not
12 just to promote competition in the access market and to guard against a price
13 squeeze in the toll markets, but also to foster competition in the local market. I
14 had pointed out that unless access charges are reduced to economic costs, plus a
15 reasonable contribution to forward-looking shared and common costs, ILECs will
16 continue to use the excess revenues they receive from those charges to fund their
17 ongoing efforts to retard competition by forestalling widespread competitive entry
18 by new entrants. (AT&T Ex. 1.0 (Conway Direct), p. 17) Now that the
19 Commission has restricted the level of contribution towards shared and common
20 costs and whatever else the incumbent LECs such as Verizon previously included
21 in their access rates, Verizon would naturally be incented to "calculate" higher
22 direct costs.

23

1 Verizon knows full well the impact the use of its new cost models would have in
2 the pricing of services assessed to its competitors in both the local and toll
3 markets. The anti-competitive impact of Verizon's Petition can be no accident.
4 Indeed, in responding on January 16, 2001 to AT&T's objection to its interim
5 access rates, Verizon acknowledged, "GTE has restated its original 43% common
6 and shared cost proposal originally submitted in Docket 96-AB-005 to be on a
7 comparable basis with the Ameritech data request. The restated study results
8 produce a common and shared factor of 30.14%." In its letter, GTE explained
9 that it reached this conclusion based on its unilateral interpretation that the other
10 common costs "would have been treated as a direct cost." The Commission
11 cannot let Verizon make a mockery of its access reform order by simply ramping
12 up its direct costs to compensate for restricted shared and common costs, and
13 should therefore reject Verizon's cost results in their entirety.

14
15 **Q. Would you recommend the Commission approve rates utilizing adjusted cost**
16 **results provided by Mr. Boyles?**

17 **A.** No. Mr. Boyles does not recommend use of Verizon's ICM as the cost modeling
18 tool to establish forward-looking switched access costs in Illinois. Because the
19 results of ICM are not reliable, and cannot be easily fixed, the Commission should
20 not rely upon them. Although AT&T has not been able to investigate Verizon's
21 switched access non-recurring rate element LRSICs, there is no reason to believe
22 these costs are not subject to the same infirmities. If the Commission were to
23 consider accepting Verizon's cost studies even with significant modifications,

1 including modifications that are tested by Mr. Boyles, Verizon would still be
2 rewarded, at the expense of Illinois toll customers, in its anticompetitive efforts
3 with higher rates.

4
5 In order to incent Verizon to approach the Commission with legitimate and
6 credible cost studies in the future, the Commission must reject Verizon's cost
7 study methodology and the results it generates outright. Furthermore, the
8 Commission must not allow Verizon to continue to assess its inflated interim
9 switched access rate. This also would reward Verizon for its recalcitrant
10 behavior. The Commission should instead direct Verizon to price its switched
11 access services based on a cost proxy in lieu of proper company-provided
12 LRSICs.

13
14 **Q. What is your recommendation to the Commission regarding direction to**
15 **Verizon in pricing its intrastate switched access service at the conclusion of**
16 **this phase of this docket?**

17 **A.** The Commission must direct Verizon to reduce its intrastate switched access rates
18 at the conclusion of these proceedings. In addition to Verizon's own
19 representations and the declining cost trend in the telecommunications industry
20 noted by Mr. Boyles, common sense would indicate that switched access rates for
21 Verizon should be decreasing rather than increasing.. Moreover, in Docket 98-
22 0866, the merger application of GTE and Bell Atlantic, Verizon witness James
23 Attwood testified, "The mutual adoption of each company's best practices after

1 this merger will lead to greater cost reductions and more rapid improvements in
2 service quality than could be realized by each company on its own. (Surrebuttal
3 Testimony, p. 8) Because the Commission partially based its approval of the
4 merger on the anticipation of efficiencies resulting from the merger between GTE
5 and Bell Atlantic (e.g., "As a matter of logic, the only savings that can be realized
6 are net savings. Moreover, our reading of Section 7-204(c) indicates that just
7 such a result is contemplated." (Order issued October 29, 1999, p. 42)), the
8 Commission must view any increase in costs for Verizon with the utmost
9 skepticism. Regardless, even if Verizon merger cost savings are not yet
10 identified, and even if merger cost efficiencies are not reflected in Verizon's
11 forward-looking cost studies, the fact that Verizon recently sold 110 of its
12 presumably higher cost Illinois exchanges to Citizens Telecommunications
13 Company would forecast its remaining state average costs would be lower,
14 certainly not higher. (Docket 00-0187, Order issued August 9, 2000)

15
16 I would point out that in its Phase II Order, the Commission noted:

17 We find no merit in GTE's arguments that relying upon the level of
18 contribution in Ameritech's rates as a proxy for the level of
19 contribution in GTE's is unlawful. The inability to rely upon
20 proxies would simply encourage GTE to be even more recalcitrant
21 than it already had in supplying the Commission with adequate
22 cost studies. GTE's role in numerous dockets examining cost
23 issues has been a case study in non-cooperation and delay. It
24 should not profit from its own refusal to provide reliable
25 information. When faced with this problem in the arbitration cases
26 cited by AT&T in its reply brief on exceptions, the Commission
27 imported Ameritech rates. It will do the same here in terms of a
28 cap on shared and common costs. (p. 51)
29

1 Just as it used Ameritech's level of contribution as a maximum level of
2 contribution for Verizon, the Commission may use a proxy for Verizon cost-based
3 switched access rates. The Commission has various options to choose from for a
4 proxy for cost-based switched access rates. I recommend the Commission adopt
5 one or a combination of the following options:

- 6 1. Apply Verizon's current interstate switched access rates as a cap for
7 intrastate application;
- 8 2. Apply an across-the-board percentage decrease to Verizon's current filed
9 rates, with modifications;
- 10 3. Apply Verizon's current intrastate interconnection rates for Verizon's
11 intrastate switched access service; or
- 12 4. Apply Ameritech Illinois' current intrastate interconnection rates for
13 Verizon's intrastate switched access service.

14
15 **Q. Please discuss these options.**

16 **A.** Certainly. The first option of capping Verizon's intrastate rates at its
17 corresponding interstate rates is the simplest and can be easily supported. As a
18 member of Coalition for Affordable Local and Long Distance Services
19 ("CALLS"), Verizon had volunteered to reduce its per minute-of-use interstate
20 switched access rates to \$0.0055 by the year 2004. The fact that Verizon
21 volunteered to reduce its rates to this level provides the Commission with the
22 assumption that Verizon's interstate switched access rates are the maximum level
23 of cost-based rates. Take Sprint as an example. Sprint is also a member of

1 CALLS, and has volunteered to reduce its interstate access rates to a composite
2 rate of \$0.0065 per minute, by July 2004. Yet, in Ohio, Sprint's CLEC entity
3 filed an intrastate composite switched access per minute rate of \$0.00485,
4 effective October 4 of this year. Clearly, Sprint is not holding to any allegation
5 that its federal CALLS rate is at the absolute lowest level and still be considered
6 cost-based.

7
8 To the extent that Verizon has demonstrated that lower rates for any switched
9 access rate elements are cost-based, the Commission should direct Verizon to
10 tariff those rate elements at the lower levels. However, in the absence of
11 supportable LRSICs, the Commission could direct Verizon to cap its intrastate
12 rates at the corresponding interstate rates. This would result in, at minimum,
13 Verizon's intrastate EOLS rate being reduced to \$0.0019778.

14
15 **Q. Please discuss the second option you offer.**

16 A. The Commission could direct Verizon to decrease its intrastate switched access
17 rates on an across-the-board basis by a percentage. The issue, of course, is what
18 the percentage should be. One option would be to use the same factors the
19 Commission approved in the alternative regulation price index formula for
20 Ameritech Illinois. The Commission could look to the FCC's price cap formula
21 for guidance. I would anticipate and welcome a response from Staff as to what an
22 appropriate percentage might be. One drawback associated with this method is
23 that refunds would continue to accrue until the Commission resolves the

1 appropriate level of Verizon's initial interim switched access rates. Additionally,
2 the Commission would not be able to establish final rates at the conclusion of
3 these proceedings.
4

5 **Q. How supportable is the third option listed above?**

6 A. The third option is consistent with past Commission orders. In dockets 94-
7 0096/94-0117/94-0146/94-0301 (Consol.), the Commission stated, "[u]ltimately,
8 the same rates should apply for termination regardless of the type of originating
9 carrier, and we formally, establish that goal here." (Order issued April 7, 1995, p.
10 98.) In its Order in Phase II of dockets 97-0601/97-0602, the Commission also
11 directed, "If LRSIC studies are not filed within 30 days of this Order, we accept
12 AT&T's proposal and order Ameritech and GTE to immediately reduce their
13 access charge rates to their effective reciprocal compensation rates." (p.48) Here,
14 Verizon has filed cost studies that cannot be supported. Therefore, it is entirely
15 appropriate for the Commission to direct Verizon to reduce its access charge rates
16 to its effective reciprocal compensation rates as a consequence.
17

18 Unfortunately, in Illinois Verizon does not have reciprocal compensation rates
19 (i.e., Verizon opts for bill and keep arrangements), nor does it have
20 interconnection rates that are based on any Commission investigated and
21 approved cost studies. Thus, directing Verizon to apply its Local Switching UNE
22 rates, as an example, to its switched access service would not necessarily

1 accomplish the Commission's goal of bringing cost-based access charges to
2 Illinois consumers.

3
4 Ameritech Illinois, on the other hand, currently has tariffed reciprocal
5 compensation rates that are based on Commission approved TELRICs. It is
6 therefore, a more appropriate option for the Commission to utilize Ameritech
7 reciprocal compensation rates as a proxy for Verizon reciprocal compensation
8 rates, and to direct Verizon to reduce any intrastate switched access rates to
9 Ameritech Illinois' reciprocal compensation rates that are currently above those
10 levels. Again, the potential EOLS rates are listed below.

11	Interstate EOLS (7/3/01)	\$0.0019778
12	Intrastate EOLS (6/16/00)	\$0.0048650
13	0812-LRSIC Based EOLS	\$0.0069180
14	Verizon UNE EOLS Rate	\$0.0038534
15	Ameritech Rec. Comp. EO Rate	\$0.0037460

16
17 **Q. What is your recommendation at this time to the Commission?**

18 **A.** I recommend the Commission adopt the first option and direct Verizon to reduce
19 any rate elements currently above their corresponding interstate rate (both
20 recurring and non-recurring) to those interstate rate levels. The Commission
21 should further direct Verizon to continue under this capping parameter until it
22 provides and receives approval from the Commission for appropriate LRSICs. As
23 I have stated above, Verizon itself has volunteered to reduce its interstate rates to
24 the levels currently tariffed as well as those to be tariffed for the next three years
25 (i.e., through the duration of the CALLS Plan). The jurisdiction of a toll call, and

1 therefore of the access minute of use, does not affect the forward-looking costs of
2 the use of Verizon's network. Therefore, until the time that Verizon can provide
3 LRSICs that can be supported and approved by the Commission, it is appropriate
4 for the Commission to direct Verizon to cap each of its intrastate rates at the
5 lower of the corresponding interstate rates and the interim rates currently tariffed
6 and assessed by Verizon.
7

8 **Q. Will Illinois consumers benefit as a result of the Commission adopting one of**
9 **your recommendations?**

10 A. Yes. In its Order on Reopening in Dockets 97-0601/97-0602 the Commission
11 directed IXC's to demonstrate the manner in which they flowed through the access
12 reductions experienced as a result of the interim access rate reductions. In its
13 Order on Reopening, the Commission directed the IXC's to follow the same
14 procedure once the Commission approves new access rates based on new LRSICs
15 filed by Verizon (and Ameritech). (p. 3) If the intraLATA toll providers also flow
16 through their savings, the Illinois consumers will benefit even more than they did
17 as a result of the Commission approval of interim rates.
18

19 **Q. Does this conclude your direct testimony?**

20 A. Yes, it does.